

Message Text

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ACTION AF-18

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R 200915Z DEC 73

FM AMEMBASSY BAMAKO

TO SECSTATE WASHDC 8307

INFO AMEMBASSY ABIDJAN

AMEMBASSY DAKAR

AMEMBASSY NIAMEY

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

C O N F I D E N T I A L BAMAKO 3830

NOFORN

E O 11652 GDS

TAGS: EGEN, ML

SUBJ: THE POLITICS OF COTTON

SUMMARY:

COTTON, LIKE MOST MALIAN AGRICULTURAL PRODUCTION, DECLINED FOR THE SECOND CONSECUTIVE YEAR. WHILE THE DROUGHT ACCOUNTS FOR MOST LOSSES, THE GOM IS USING IT AS A BLANKET EXCUSE TO DISGUISE GOM REFUSAL TO ACT ON NEEDED PRICE INCREASE TO MAKE COTTON FARMING PROFITABLE TO FARMERS.

1. ABSOLUTE PRODUCTION DECLINE IN 1973

THE COMPAGNIE FRANCAISE POUR LE DEVELOPPEMENT DES FIBRES TEXTILES (CFDT) MANAGED TO SALVAGE NEAR NORMAL PRODUCTION IN 1972, HARVESTING 65,000 TONS OF POOR
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QUALITY FROM 77,000 HECTARES FOR A YIELD OF 840 K/H (KILOS/

HECTARES). HOWEVER IN 1973 SPORATIC, ILL TIMED RAINS COUPLED WITH CUMULATIVE EFFECTS OF THE DROUGHT HAD TELLING EFFECT ON COTTON FARMERS AND PRODUCTION. THE AREA PLANTED FELL TO YAYUNPPP HECTARES AS FARMERS INCREASED FOOD GRAIN PLANTING TO FEED THEIR FAMILIES. THE FINAL COTTON CROP ESTIMATE IS ONLY 45,000 TONS FOR A YIELD OF 700 K/H; LIKE 1972, THE QUALIFY WAS POOR.

2. THE PROFIT SQUEEZE

THE CFDT HAD PLANNED IN 1971 TO INCREASE THEIR AREA UNDER CULTIVATION TO 80,000 H BY 1973 AND EVENTUALLY TO OVER 100,000 H. PLACING THE BLAME FOR THIS YEAR'S NEAR CATASTROPHIC PRODUCTION SQUARELY ON THE DROUGHT WHICH THEY REGARD AS TEMPORARY, CFDT OFFICIALS ARE OPTIMISTIC ABOUT FUTURE EXPANSION OF THEIR OPERATION. HOWEVER, THE CFDT/SOMIEX LOW BUYING PRICE OF 50 MF/K WHICH HAS REMAINED FIXED FOR FOUR YEARS, COMPARED WITH INCREASING COSTS OF PRODUCTION HAVE MADE ADEQUATE PROFITS UNATTAINABLE TO ALL EXCEPT THE MOST SUCCESSFUL FARMERS. FIXED PRODUCTION COSTS INCLUDING FERTILIZER, SOME SEED, INSECTICIDE, AND AMORTIZATION OF EQUIPMENT MUST BE REPAID BY FARMER WITH COTTON RECEIPTS AT HARVEST. THESE FIXED COSTS PER HECTARE CHARGED BY CFDT TOTAL 20,000 MF. THE FARMER MUST ALSO PAY PRODUCTION TAXES ON COTTON WHICH VARY BY YIELD PLUS LABOR COSTS IF ANY. CFDT OFFICIAL ADMITTED PRIVATELY THAT FARMER WOULD HAVE TO PRODUCE AT LEAST ONE TON PER HECTARE TO SECURE A JUST PROFIT. BUT AVERAGE YIELD THIS YEAR WAS 700 K/H. EVEN IN GOOD I.E. NON-DROUGHT YEARS, AVERAGE YIELD IS ONLY 850 K/H, AND PROBABLY CAN BE INCREASED ONLY BY INCREASING FERTILIZER AND MACHINERY.

3. GOM-CFDT COLLUSION

THE CRITICISM MOST OFTEN HEARD OF THE CFDT IS THAT IT IS A CLASSIC EXAMPLE OF NEOCOLONIALIST ECONOMIC POLICY, I.E. PRIVATE FRENCH PRESERVE FOR LOW COST COTTON. THE ARGUMENT CONTINUES THAT THE GOM COOPERATES TO MAXIMIZE ITS EXPORT EARNINGS. (ALL EXPORT COTTON FIBER-ABOUT 60 O/O THIS YEAR-IS SOLD BY SOMIEX-THE STATE IMPORT-EXPORT MONOPOLY). THE PEASANT IS THE ONE WHO SUFFERS.

THE ARGUMENT IS AT LEAST PARTLY TRUE. FRANCE DOES HAVE
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A RELATIVELY STABLE SUPPLY FOR SOME OF HER COTTON NEEDS. THE GOM IS ASSURED A RELATIVELY STABLE FLOW OF COTTON REVENUES ALTHOUGH MUCH OF THIS IS LOST BY INEFFICIENT AND PERHAPS CORRUPT SOMIEX MANAGEMENT. HOWEVER, THE GOM REFUSES TO SIGNIFICANTLY INCREASE COTTON PRODUCER PRICES OR THAT OF ANY OTHER BASIC AGRICULTURAL COMMODITY SINCE THE GOM IS POLITICALLY DEPENDENT ON AN ESSENTIALLY NON-PRODUCTIVE AND PARASITIC URBAN MIDDLE CLASS INCLUDING THE ARMY, AND A MUCH

OVERBLOWN BUREAUCRACY. THE POLITICALLY IMPOTENT PEASANTRY SUFFERS.

4. CFD'S FUTURE-THE MILLET CONNECTION

IT IS IRONIC THAT, IN SPITE OF RISING COSTS AND THE FIXED 50 MF/KILO PRODUCER SELLING PRICE, THE CFDT PROBABLY WILL INCREASE ITS AREA UNDER COTTON CULTIVATION ONCE THE DROUGHT ENDS. THE ANSWER LIES IN THE SHRINKING PROFIT THAT STILL CAN BE SQUEEZED OUT OF COTTON FARMING. THERE IS A PROFIT, HOWEVER, SMALL, IN EXPORT CROPS LIKE COTTON. THERE IS NONE FOR THE PEASANT IN CEREAL GRAINS SINCE THE GOM GRAIN COMMERCIALIZATION AGENCY (OPAM) PAYS ONLY 20 MF/KILO FOR MILLET AND MILLET PRODUCTION COSTS IN THE CFDT ZONE ARE AS HIGH AS 37 MF/KILO. ALSO, WHILE MUCH MALIAN GRAIN IS EXPORTED CLANDESTINELY TO SURROUNDING COUNTRIES WHERE MILLET SELLS FOR OVER 60 MF/KILO, THIS TRADE IS CONTROLLED BY TRADERS WHO OFFER THE PEASANTS LITTLE MORE THAN OPAM.

WITH NO PROFIT TO BE MADE IN CULTIVATING GRAIN, THE PEASANTRY IN THE CFDT ZONE TENDS TO GROW ONLY ENOUGH GRAIN FOR ITSELF. LITTLE GRAIN IS LEFT FOR COMMERCIALIZATION. THUS THE GOM IS DEPENDENT EVEN IN NON-DROUGHT YEARS, ON IMPORTED GRAIN BOUGHT UNDER CONCESSIONARY TERMS OR GIVEN THROUGH GRAIN STABILIZATION AGREEMENTS TO FEED THE POLITICALLY SENSITIVE URBAN POPULATION.

THE PEASANTS IN THE CFDT ZONE THEREFORE RELY ON THEIR COTTON PRODUCTION TO PARTICIPATE IN MALI'S MONEY ECONOMY. SINCE THE PROFIT MARGIN IS SO SLIM, THE PEASANTS ONLY DEVOTE 10-15 PERCENT OF THEIR CULTIVATEDLAND TO COTTON. STILL THE CFDT CAN EXPECT ACONTINUING FLOW OF FARMERS WHO WANT SOME CASH, SETTLING IN THE CFDT ZONE. THEREFORE
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THE AREA UNDER COTTON CULTIVATION WILL INCREASE. HOWEVER GOM PRICING POLICY WILL ENSURE THAT ENORMOUS AREAS OF LAND SUITABLE FOR FOOD AND/OR COTTON PRODUCTION WILL REMAIN UNTILLED.
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